

AMENDED IN ASSEMBLY JULY 11, 2005

AMENDED IN SENATE MARCH 29, 2005

**SENATE BILL**

**No. 457**

**Introduced by Senator Kehoe**  
(Coauthor: Assembly Member Vargas)

February 18, 2005

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An act to amend Section 8686 of the Government Code, and to amend Sections ~~17207~~ 218, 17207, and 24347.5 of, and to add Sections 195.92, 195.93, and 195.94 to, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 457, as amended, Kehoe. Disaster relief.

(1) Existing law authorizes a county board of supervisors to provide by ordinance for the reassessment of property that is damaged or destroyed, without fault on the part of the assessee, by a major misfortune or calamity, upon the application of the assessee or upon the action of the county assessor with the board's approval. With respect to certain counties that have adopted reassessment ordinances and have been declared by the Governor to be in a state of disaster as a result of certain events, existing law provides for state allocations of the estimated amounts of the reductions in property tax revenues resulting in certain fiscal years from reassessments under those ordinances. Existing law also continuously appropriates, without regard to fiscal years, moneys in the Special Fund for Economic Uncertainties for purposes of funding these state allocations.

This bill would provide for similar state allocations with respect to property tax revenue reductions, resulting from a reassessment ordinance, incurred by the Counties of Kern, Los Angeles, Orange,

Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura, which were declared by the Governor to be in a state of disaster as a result of a series of severe rainstorms that occurred in those counties during December 2004 and January 2005. By requiring moneys continuously appropriated from the Special Fund for Economic Uncertainties to be allocated for the new purpose of reimbursing these counties for these property tax revenue reductions, this bill would make an appropriation.

(2) The Natural Disaster Assistance Act provides for, among other things, specified allocations to local agencies with respect to natural disasters.

This bill would include within those provisions the disaster that occurred in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the severe rainstorms during December 2004 and January 2005, as provided.

(3) The Personal Income Tax Law and the Corporation Tax Law provide for the carryover to specified taxable years of specified losses sustained as a result of certain disasters occurring in California in an area determined by the President of the United States to warrant specified federal assistance, or proclaimed by the Governor to be in a state of disaster.

This bill would extend these provisions to losses sustained as a result of the series of severe rainstorms and related events that occurred in the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura in December 2004 and January 2005. This bill would also authorize a taxpayer to make an election to claim a deduction for those losses on the tax return for the preceding year.

(4) *Existing property tax law provides, pursuant to a specified provision of the California Constitution, for a homeowners' property tax exemption in the amount of \$7,000 of the full value of a "dwelling," as defined. The California Constitution requires the Legislature, in each fiscal year, to reimburse local governments for the revenue losses incurred by those governments in that fiscal year as a result of the homeowners' property tax exemption.*

*This bill would provide that any dwelling that qualified for the exemption prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster may not be denied the exemption*

*solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, as provided. This bill would also state the intent of the Legislature to make the required reimbursement to local governments for revenue losses incurred as a result of the homeowners' exemption in the annual Budget Act.*

*By requiring local tax officials to implement new exemption criteria, this bill would impose a state-mandated local program.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.*

(5) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 8686 of the Government Code is
- 2 amended to read:
- 3 8686. (a) For any eligible project, the state share shall
- 4 amount to no more than 75 percent of total state eligible costs.
- 5 (b) Notwithstanding subdivision (a), the state share shall be up
- 6 to 100 percent of total state eligible costs connected with the
- 7 following events:
- 8 (1) The October 17, 1989, Loma Prieta earthquake.
- 9 (2) The October 20, 1991, East Bay fire.
- 10 (3) The fires that occurred in southern California from October
- 11 1, 1993, to November 30, 1993, inclusive.
- 12 (4) The January 17, 1994, Northridge earthquake.
- 13 (5) Storms that occurred in California during the periods
- 14 commencing January 3, 1995, and February 13, 1995, as
- 15 specified in agreements between this state and the United States
- 16 for federal financial assistance.
- 17 (6) The storms that occurred in California in December of
- 18 1996 and early January of 1997, as specified in agreements

1 between this state and the United States for federal financial  
2 assistance.

3 (7) The winter storms and flooding that occurred from  
4 February 1, 1998, to April 30, 1998, inclusive, as specified in  
5 agreements between this state and the United States for federal  
6 financial assistance.

7 (8) The wildfires that occurred in southern California  
8 commencing October 21, 2003, as specified in agreements  
9 between this state and the United States for federal financial  
10 assistance.

11 (9) The December 22, 2003, San Simeon earthquake, as  
12 specified in agreements between this state and the United States  
13 for federal financial assistance.

14 ~~(10) The severe rainstorms, and related flooding, slides, and~~  
15 ~~other events, that occurred in the Counties of Kern, Los Angeles,~~  
16 ~~Orange, Riverside, San Bernardino, San Diego, Santa Barbara,~~  
17 ~~and Ventura in December 2004 or January 2005.~~

18 *(10) The severe storms, flooding, debris flows, and mudslides*  
19 *that occurred from December 27, 2004, to January 11, 2005,*  
20 *inclusive, in southern California, as specified in agreements*  
21 *between California and the United States for federal financial*  
22 *assistance.*

23 *(11) The severe storms, flooding, landslides, and mud and*  
24 *debris flows that occurred from February 16, 2005, to February*  
25 *23, 2005, inclusive, in southern California, as specified in*  
26 *agreements between California and the United States for federal*  
27 *financial assistance.*

28 (c) For any federally declared disaster subsequent to January  
29 1, 1995, that the Legislature has designated in subdivision (b),  
30 the state shall assume the increased share specified in subdivision  
31 (b) in those cases where the Federal Emergency Management  
32 Agency or another applicable federal agency has approved the  
33 federal share of costs.

34 (d) The state shall make no allocation for any project  
35 application resulting in a state share of less than two thousand  
36 five hundred dollars (\$2,500) under this section.

37 SEC. 2. Section 195.92 is added to the Revenue and Taxation  
38 Code, to read:

39 195.92. (a) By September 30, 2005, the auditors of the  
40 Counties of Kern, Los Angeles, Orange, Riverside, San

Bernardino, San Diego, Santa Barbara, and Ventura, which counties were the subject of the Governor's ~~Proclamation of a state of emergency for the severe rainstorms that occurred in December 2004 or January 2005, that caused~~ *proclamations of a state of emergency for the severe rainstorms that occurred in December 2004, January 2005, February 2005, or March 2005, that caused* flash floods, mudslides, the accumulation of debris, and that washed out and damaged roads in those counties, shall certify to the Director of Finance an estimate of the total amount of the reduction in property tax revenues on both the regular secured roll and the supplemental roll for the 2004-05 fiscal year resulting from the reassessment by the county assessor pursuant to paragraph (1) of subdivision (a) of Section 170 of those properties that are eligible properties as a result of that disaster, except that the amount certified shall not include any estimated property tax revenue reductions to school districts, other than basic state aid school districts, and county offices of education.

(b) For purposes of this section, "basic state aid school district" means any school district that does not receive a state apportionment pursuant to subdivision (h) of Section 42238 of the Education Code, but receives from the state only a basic apportionment pursuant to Section 6 of Article IX of the California Constitution.

SEC. 3. Section 195.93 is added to the Revenue and Taxation Code, to read:

195.93. After the county auditor of an eligible county, as described in Section 195.92, has made the applicable certification to the Director of Finance pursuant to that section, the director shall, within 30 days after verification of the county auditor's estimate, certify this amount to the Controller for allocation to the county. Upon receipt of certification from the Director of Finance, the Controller shall make the appropriate allocation to the county within 10 working days.

SEC. 4. Section 195.94 is added to the Revenue and Taxation Code, to read:

195.94. (a) On or before June 30, 2006, each eligible county, as described in Section 195.92, shall compute and remit to the Controller for deposit in the General Fund an amount equal to the amount allocated to it by the Controller pursuant to Section 195.93, less the actual amount of its property tax revenue lost on

1 the regular secured and supplemental rolls with respect to those  
2 eligible properties described in Section 195.92 as a result of the  
3 reassessment of those properties pursuant to paragraph (1) of  
4 subdivision (a) of Section 170, excluding any property tax  
5 revenue lost by school districts, other than basic state aid school  
6 districts, and county offices of education. If the actual amount of  
7 property tax revenue lost by an eligible county in the  
8 immediately preceding fiscal year, as described and limited in the  
9 preceding sentence, exceeds the amount allocated by the  
10 Controller to that county pursuant to Section 195.93, the  
11 Controller shall allocate the amount of that excess to that eligible  
12 county.

13 (b) For purposes of this section, “basic state aid school  
14 district” means any school district that does not receive a state  
15 apportionment pursuant to subdivision (h) of Section 42238 of  
16 the Education Code, but receives from the state only a basic  
17 apportionment pursuant to Section 6 of Article IX of the  
18 California Constitution.

19 *SEC. 5. Section 218 of the Revenue and Taxation Code is*  
20 *amended to read:*

21 218. (a) The homeowners’ property tax exemption is in the  
22 amount of the assessed value of the dwelling specified in this  
23 section, as authorized by subdivision (k) of Section 3 of Article  
24 XIII of the Constitution. That exemption shall be in the amount  
25 of seven thousand dollars (\$7,000) of the full value of the  
26 dwelling.

27 (b) The exemption does not extend to property that is rented,  
28 vacant, under construction on the lien date, or that is a vacation  
29 or secondary home of the owner or owners, nor does it apply to  
30 property on which an owner receives the veteran’s exemption.

31 (c) For purposes of this section, all of the following apply:

32 (1) “Owner” includes a person purchasing the dwelling under  
33 a contract of sale or who holds shares or membership in a  
34 cooperative housing corporation, which holding is a requisite to  
35 the exclusive right of occupancy of a dwelling.

36 (2) (A) “Dwelling” means a building, structure, or other  
37 shelter constituting a place of abode, whether real property or  
38 personal property, and any land on which it may be situated. A  
39 two-dwelling unit shall be considered as two separate  
40 single-family dwellings.

1 (B) “Dwelling” includes the following:

2 (i) A single-family dwelling occupied by an owner thereof as  
3 his or her principal place of residence on the lien date.

4 (ii) A multiple-dwelling unit occupied by an owner thereof on  
5 the lien date as his or her principal place of residence.

6 (iii) A condominium occupied by an owner thereof as his or  
7 her principal place of residence on the lien date.

8 (iv) Premises occupied by the owner of shares or a  
9 membership interest in a cooperative housing corporation, as  
10 defined in subdivision (i) of Section 61, as his or her principal  
11 place of residence on the lien date. Each exemption allowed  
12 pursuant to this subdivision shall be deducted from the total  
13 assessed valuation of the cooperative housing corporation. The  
14 exemption shall be taken into account in apportioning property  
15 taxes among owners of share or membership interests in the  
16 cooperative housing corporations so as to benefit those owners  
17 who qualify for the exemption.

18 (d) Any dwelling that qualified for an exemption under this  
19 section prior to October 20, 1991, that was damaged or destroyed  
20 by fire in a disaster, as declared by the Governor, occurring on or  
21 after October 20, 1991, and before November 1, 1991, and that  
22 has not changed ownership since October 20, 1991, shall not be  
23 disqualified as a “dwelling” or be denied an exemption under this  
24 section solely on the basis that the dwelling was temporarily  
25 damaged or destroyed or was being reconstructed by the owner.

26 (e) Any dwelling that qualified for an exemption under this  
27 section prior to October 15, 2003, that was damaged or destroyed  
28 by fire or earthquake in a disaster, as declared by the Governor,  
29 during October, November, or December 2003, and that has not  
30 changed ownership since October 15, 2003, shall not be  
31 disqualified as a “dwelling” or be denied an exemption under this  
32 section solely on the basis that the dwelling was temporarily  
33 damaged or destroyed or was being reconstructed by the owner.

34 (f) Any dwelling that qualified for an exemption under this  
35 section prior to June 3, 2004, that was damaged or destroyed by  
36 flood in a disaster, as declared by the Governor, during June  
37 2004, and that has not changed ownership since June 3, 2004,  
38 shall not be disqualified as a “dwelling” or be denied an  
39 exemption under this section solely on the basis that the dwelling

1 was temporarily damaged or destroyed or was being  
2 reconstructed by the owner.

3 (g) *Any dwelling that qualified for an exemption under this*  
4 *section prior to December 28, 2004, that was damaged or*  
5 *destroyed by severe rainstorms, floods, mudslides, or the*  
6 *accumulation of debris in a disaster, as declared by the*  
7 *Governor in January 2005 and March 2005, and that has not*  
8 *changed ownership since December 28, 2004, shall not be*  
9 *disqualified as a “dwelling” or be denied an exemption under*  
10 *this section solely on the basis that the dwelling was temporarily*  
11 *damaged or destroyed or was being reconstructed by the owner,*  
12 *or was temporarily uninhabited as a result of restricted access to*  
13 *the property due to floods, mudslides, the accumulation of debris,*  
14 *or washed-out or damaged roads.*

15 (h) The exemption provided for in subdivision (k) of Section  
16 3 of Article XIII of the Constitution shall first be applied to the  
17 building, structure or other shelter and the excess, if any, shall be  
18 applied to any land on which it may be located.

19 ~~SEC. 5.—~~

20 SEC. 6. Section 17207 of the Revenue and Taxation Code is  
21 amended to read:

22 17207. (a) An excess disaster loss, as defined in subdivision  
23 (c), shall be carried to other taxable years as provided in  
24 subdivision (b), with respect to losses resulting from any of the  
25 following disasters:

26 (1) Forest fire or any other related casualty occurring in 1985  
27 in California.

28 (2) Storm, flooding, or any other related casualty occurring in  
29 1986 in California.

30 (3) Any loss sustained during 1987 as a result of a forest fire  
31 or any other related casualty.

32 (4) Earthquake, aftershock, or any other related casualty  
33 occurring in 1987 in California.

34 (5) Earthquake, aftershock, or any other related casualty  
35 occurring in 1989 in California.

36 (6) Any loss sustained during 1990 as a result of fire or any  
37 other related casualty in California.

38 (7) Any loss sustained as a result of the Oakland/Berkeley fire  
39 of 1991, or any other related casualty.



1 (8) Any loss sustained as a result of storm, flooding, or any  
2 other related casualty occurring in February 1992 in California.

3 (9) Earthquake, aftershock, or any other related casualty  
4 occurring in April 1992 in the County of Humboldt.

5 (10) Riots, arson, or any other related casualty occurring in  
6 April or May 1992 in California.

7 (11) Any loss sustained as a result of the earthquakes that  
8 occurred in the County of San Bernardino in June and July of  
9 1992, or any other related casualty.

10 (12) Any loss sustained as a result of the Fountain Fire that  
11 occurred in the County of Shasta, or as a result of either of the  
12 fires in the Counties of Calaveras and Trinity that occurred in  
13 August 1992, or any other related casualty.

14 (13) Any loss sustained as a result of storm, flooding, or any  
15 other related casualty that occurred in the Counties of Alpine,  
16 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,  
17 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,  
18 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,  
19 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of  
20 Fillmore in January 1993.

21 (14) Any loss sustained as a result of a fire that occurred in the  
22 Counties of Los Angeles, Orange, Riverside, San Bernardino,  
23 San Diego, and Ventura, during October or November of 1993,  
24 or any other related casualty.

25 (15) Any loss sustained as a result of the earthquake,  
26 aftershocks, or any other related casualty that occurred in the  
27 Counties of Los Angeles, Orange, and Ventura on or after  
28 January 17, 1994.

29 (16) Any loss sustained as a result of a fire that occurred in the  
30 County of San Luis Obispo during August of 1994, or any other  
31 related casualty.

32 (17) Any loss sustained as a result of the storms or flooding  
33 occurring in 1995, or any other related casualty, sustained in any  
34 county of this state subject to a disaster declaration with respect  
35 to the storms and flooding.

36 (18) Any loss sustained as a result of the storms or flooding  
37 occurring in December 1996 or January 1997, or any related  
38 casualty, sustained in any county of this state subject to a disaster  
39 declaration with respect to the storms or flooding.

1 (19) Any loss sustained as a result of the storms or flooding  
2 occurring in February 1998, or any related casualty, sustained in  
3 any county of this state subject to a disaster declaration with  
4 respect to the storms or flooding.

5 (20) Any loss sustained as a result of a freeze occurring in the  
6 winter of 1998-99, or any related casualty, sustained in any  
7 county of this state subject to a disaster declaration with respect  
8 to the freeze.

9 (21) Any loss sustained as a result of an earthquake occurring  
10 in September 2000, that was included in the Governor's  
11 proclamation of a state of emergency for the County of Napa.

12 (22) Any loss sustained as a result of the Middle River levee  
13 break in San Joaquin County occurring in June 2004.

14 (23) Any losses sustained as a result of the fires that occurred  
15 in the Counties of Los Angeles, San Bernardino, Riverside, San  
16 Diego, and Ventura in October and November 2003, or as a  
17 result of floods, mudflows, and debris flows, directly related to  
18 fires.

19 (24) Any losses sustained in the Counties of Santa Barbara and  
20 San Luis Obispo as a result of the San Simeon earthquake,  
21 aftershocks, and any other related casualties.

22 (25) Any loss sustained in the Counties of Kern, Los Angeles,  
23 Orange, Riverside, San Bernardino, San Diego, Santa Barbara,  
24 and Ventura as a result of the severe rainstorms, and related  
25 flooding, slides, and other events, that occurred in December  
26 ~~2004 or January 2004~~, *January 2005, February 2005, or March*  
27 *2005*.

28 (b) (1) In the case of any loss allowed under Section 165(c) of  
29 the Internal Revenue Code, relating to limitation of losses of  
30 individuals, any excess disaster loss shall be carried forward to  
31 each of the five taxable years following the taxable year for  
32 which the loss is claimed. However, if there is any excess  
33 disaster loss remaining after the five-year period, then the  
34 applicable percentage, as set forth in paragraph (1) of subdivision  
35 (b) of Section 17276, of that excess disaster loss shall be carried  
36 forward to each of the next 10 taxable years.

37 (2) The entire amount of any excess disaster loss as defined in  
38 subdivision (c) shall be carried to the earliest of the taxable years  
39 to which, by reason of subdivision (b), the loss may be carried.  
40 The portion of the loss which shall be carried to each of the other

taxable years shall be the excess, if any, of the amount of excess disaster loss over the sum of the adjusted taxable income for each of the prior taxable years to which that excess disaster loss is carried.

(c) “Excess disaster loss” means a disaster loss computed pursuant to Section 165 of the Internal Revenue Code which exceeds the adjusted taxable income of the year of loss or, if the election under Section 165(i) of the Internal Revenue Code is made, the adjusted taxable income of the year preceding the loss.

(d) The provisions of this section and Section 165(i) of the Internal Revenue Code shall be applicable to any of the losses listed in subdivision (a) sustained in any county or city in this state which was proclaimed by the Governor to be in a state of disaster.

(e) Losses allowable under this section may not be taken into account in computing a net operating loss deduction under Section 172 of the Internal Revenue Code.

(f) For purposes of this section, “adjusted taxable income” shall be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

(g) For losses described in paragraphs (15) to (25), inclusive, of subdivision (a), the election under Section 165(i) of the Internal Revenue Code may be made on a return or amended return filed on or before the due date of the return (determined with regard to extension) for the taxable year in which the disaster occurred.

**SEC. 6.—**

*SEC. 7.* Section 24347.5 of the Revenue and Taxation Code is amended to read:

24347.5. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

1 (4) Earthquake, aftershock, or any other related casualty  
2 occurring in October 1987 in California.

3 (5) Earthquake, aftershock, or any other related casualty  
4 occurring in October 1989 in California.

5 (6) Any loss sustained during 1990 as a result of fire or any  
6 other related casualty in California.

7 (7) Any loss sustained as a result of the Oakland/Berkeley fire  
8 of 1991, or any other related casualty.

9 (8) Any loss sustained as a result of storm, flooding, or any  
10 other related casualty occurring in February 1992 in California.

11 (9) Earthquake, aftershock, or any other related casualty  
12 occurring in April 1992 in the County of Humboldt.

13 (10) Riots, arson, or any other related casualty occurring in  
14 April or May 1992 in California.

15 (11) Any loss sustained as a result of the earthquakes or any  
16 other related casualty that occurred in the County of San  
17 Bernardino in June and July of 1992.

18 (12) Any loss sustained as a result of the Fountain Fire that  
19 occurred in the County of Shasta, or as a result of either of the  
20 fires in the Counties of Calaveras and Trinity that occurred in  
21 August 1992, or any other related casualty.

22 (13) Any loss sustained as a result of storm, flooding, or any  
23 other related casualty that occurred in the Counties of Alpine,  
24 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,  
25 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,  
26 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,  
27 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of  
28 Fillmore in January 1993.

29 (14) Any loss sustained as a result of a fire that occurred in the  
30 Counties of Los Angeles, Orange, Riverside, San Bernardino,  
31 San Diego, and Ventura, during October or November of 1993,  
32 or any other related casualty.

33 (15) Any loss sustained as a result of the earthquake,  
34 aftershocks, or any other related casualty that occurred in the  
35 Counties of Los Angeles, Orange, and Ventura on or after  
36 January 17, 1994.

37 (16) Any loss sustained as a result of a fire that occurred in the  
38 County of San Luis Obispo during August of 1994, or any other  
39 related casualty.

1 (17) Any loss sustained as a result of the storms or flooding  
2 occurring in 1995, or any other related casualty, sustained in any  
3 county of this state subject to a disaster declaration with respect  
4 to the storms and flooding.

5 (18) Any loss sustained as a result of the storms or flooding  
6 occurring in December 1996 or January 1997, or any related  
7 casualty, sustained in any county of this state subject to a disaster  
8 declaration with respect to the storms or flooding.

9 (19) Any loss sustained as a result of the storms or flooding  
10 occurring in February 1998, or any related casualty, sustained in  
11 any county of this state subject to a disaster declaration with  
12 respect to the storms or flooding.

13 (20) Any loss sustained as a result of a freeze occurring in the  
14 winter of 1998-99, or any related casualty, sustained in any  
15 county of this state subject to a disaster declaration with respect  
16 to the freeze.

17 (21) Any loss sustained as a result of an earthquake occurring  
18 in September 2000, that was included in the Governor's  
19 proclamation of a state of emergency for the County of Napa.

20 (22) Any loss sustained as a result of the Middle River levee  
21 break in San Joaquin County occurring in June 2004.

22 (23) Any losses sustained as a result of the fires that occurred  
23 in the Counties of Los Angeles, San Bernardino, Riverside, San  
24 Diego, and Ventura in October and November 2003, or as a  
25 result of floods, mudflows, and debris flows, directly related to  
26 fires.

27 (24) Any losses sustained in the Counties of Santa Barbara and  
28 San Luis Obispo as a result of the San Simeon earthquake,  
29 aftershocks, and any other related casualties.

30 (25) Any loss sustained in the Counties of Kern, Los Angeles,  
31 Orange, Riverside, San Bernardino, San Diego, Santa Barbara,  
32 and Ventura as a result of the severe rainstorms, and related  
33 flooding, slides, and other events, that occurred in December  
34 ~~2004 or January 2004, January 2005, February 2005, or March~~  
35 2005.

36 (b) (1) In the case of any loss allowed under Section 165 of  
37 the Internal Revenue Code, relating to losses, any excess disaster  
38 loss shall be carried forward to each of the five taxable years  
39 following the taxable year for which the loss is claimed.  
40 However, if there is any excess disaster loss remaining after the

1 five-year period, then the applicable percentage, as set forth in  
2 paragraph (1) of subdivision (b) of Section 24416, of that excess  
3 disaster loss shall be carried forward to each of the next 10  
4 taxable years.

5 (2) The entire amount of any excess disaster loss as defined in  
6 subdivision (c) shall be carried to the earliest of the taxable years  
7 to which, by reason of subdivision (b), the loss may be carried.  
8 The portion of the loss which shall be carried to each of the other  
9 taxable years shall be the excess, if any, of the amount of excess  
10 disaster loss over the sum of the net income for each of the prior  
11 taxable years to which that excess disaster loss is carried.

12 (c) "Excess disaster loss" means a disaster loss computed  
13 pursuant to Section 165 of the Internal Revenue Code, which  
14 exceeds the net income of the year of loss or, if the election  
15 under Section 165(i) of the Internal Revenue Code is made, the  
16 net income of the year preceding the loss.

17 (d) The provisions of this section and Section 165(i) of the  
18 Internal Revenue Code shall be applicable to any of the losses  
19 listed in subdivision (a) sustained in any county or city in this  
20 state which was proclaimed by the Governor to be in a state of  
21 disaster.

22 (e) Any corporation subject to the provisions of Section 25101  
23 or 25101.15 that has disaster losses pursuant to this section, shall  
24 determine the excess disaster loss to be carried to other taxable  
25 years under the principles specified in Section 25108 relating to  
26 net operating losses.

27 (f) Losses allowable under this section may not be taken into  
28 account in computing a net operating loss deduction under  
29 Section 172 of the Internal Revenue Code.

30 (g) For losses described in paragraphs (15) to (25), inclusive,  
31 of subdivision (a), the election under Section 165(i) of the  
32 Internal Revenue Code may be made on a return or amended  
33 return filed on or before the due date of the return (determined  
34 with regard to extension) for the taxable year in which the  
35 disaster occurred.

36 ~~SEC. 7.—~~

37 SEC. 8. The Legislature finds and declares that this act  
38 fulfills a statewide public purpose because of both of the  
39 following:

(a) The Governor of California has officially proclaimed a state of emergency that declared that the severe rainstorms, and related flooding, slides, and other events, that occurred within the of emergency declaring that the severe rainstorms, flash floods, mudslides, accumulation of debris, and washed-out and damaged roads that occurred within the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura during December 2004 and January 2005, were natural disasters, thus qualifying affected persons for various forms of governmental assistance and relief.

(b) The Governor of California has officially proclaimed a state of emergency declaring that the severe rainstorms, flash floods, mudslides, sinkholes, accumulation of debris, and washed-out and damaged roads that occurred within the Counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura during February 2005 and March 2005 were natural disasters, thus qualifying affected persons for various forms of governmental assistance and relief.

~~(b)~~

(c) This act is consistent with, and supplements, the proclaimed disaster assistance and relief by providing necessary fiscal assistance and tax relief to affected jurisdictions and persons to allow them to maintain essential basic services and repair damage to, and restore, their homes and businesses.

SEC. 9. It is the intent of the Legislature to provide in the annual Budget Act those additional reimbursements to local governments that, as a result of Section 5 of this act, are required by Section 25 of Article XIII of the California Constitution.

SEC. 10. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

~~SEC. 8.—~~

SEC. 11. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

1 In order to timely provide essential relief to those persons and  
2 jurisdictions who have suffered damage or loss as a result of the  
3 series of severe rainstorms that occurred in California during  
4 December 2004 and January 2005, it is necessary that this act  
5 take effect immediately.

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